

ASSEMBLY BILL

No. 1088

Introduced by Assembly Member Fletcher

February 27, 2009

An act to amend Section 1048 of, and to repeal and add Section 1051 of, the Military and Veterans Code, to add and repeal Article 11.3 (commencing with Section 18810) of Chapter 3 of Part 10.2 of Division 2 of, and to repeal Article 11.5 (commencing with Section 18825) of Chapter 3 of Part 10.2 of Division 2 of, the Revenue and Taxation Code, relating to veterans.

LEGISLATIVE COUNSEL'S DIGEST

AB 1088, as introduced, Fletcher. Taxpayer contributions: ___ Fund.

Under existing law regulating the administration of personal income taxes and corporation taxes, individual taxpayers are allowed to contribute amounts in excess of their tax liability for the support of specified funds or accounts, including, among others, the Veterans' Quality of Life Fund. Existing law requires the expenditure of all moneys contributed to the fund, upon appropriation by the Legislature, for administrative costs and for distribution into the Morale, Welfare, and Recreation Fund for each of the veterans' homes, as provided.

This bill would repeal those provisions, and instead allow taxpayers to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the ___ Fund, which would be created by this bill. However, the bill would provide that a voluntary contribution designation for this fund may not be added on the tax return until another voluntary contribution designation is removed from that return.

This bill would, like the expenditure of all moneys contributed to the Veterans' Quality of Life Fund, require the expenditure of all moneys contributed to the ____ Fund, upon appropriation by the Legislature, for administrative costs and for distribution into the Morale, Welfare, and Recreation Fund for each of the veterans' homes, as provided. This bill would require any funds remaining in the Veterans' Quality of Life Fund to be transferred to the ____ Fund.

This bill would provide that these voluntary contribution provisions would be repealed on January 1 of the 5th taxable year following the taxable year the fund first appears on the personal income tax return. This bill would further provide that these provisions would be repealed for taxable years beginning on or after January 1 of the calendar year in which the Franchise Tax Board estimates by September 1 that the contributions made on returns filed in that calendar year will be less than \$250,000, or an adjusted amount for subsequent taxable years.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1048 of the Military and Veterans Code
- 2 is amended to read:
- 3 1048. (a) The Morale, Welfare, and Recreation Fund shall
- 4 include proceeds from the ~~Veterans' Quality of Life~~ ____ Fund,
- 5 operations of the Veterans' Home Exchange, revenue derived from
- 6 the issuance of prisoner-of-war special license plates pursuant to
- 7 Section 5101.5 of the Vehicle Code, all funds derived from golf
- 8 course green fees and range ball fees, all donations to the fund,
- 9 interest earned on invested funds, funds derived from the estates
- 10 of deceased members, and any other moneys or property described
- 11 in this chapter, including, but not limited to, moneys and properties
- 12 received by the home from estate assets located outside the home,
- 13 regardless of amount.
- 14 (b) The administrator shall prepare an itemized report that is
- 15 organized by category and accounts for all funds deposited into
- 16 the Morale, Welfare, and Recreation Fund and transmitted to the
- 17 Controller under Section 1047 during the previous fiscal year and
- 18 shall submit the report on or before August 20 of each year to all
- 19 of the following:
- 20 (1) The secretary.

1 (2) The fiscal committees of the Assembly and the Senate.

2 (3) The committees of the Assembly and the Senate that have
3 subject matter jurisdiction over veterans' affairs.

4 (4) The Veterans' Home Allied Council.

5 SEC. 2. Section 1051 of the Military and Veterans Code is
6 repealed.

7 ~~1051. There is hereby established in the State Treasury the~~
8 ~~Veterans' Quality of Life Fund to receive those amounts transferred~~
9 ~~to the fund pursuant to Section 18826 of the Revenue and Taxation~~
10 ~~Code.~~

11 SEC. 3. Section 1051 is added to the Military and Veterans
12 Code, to read:

13 1051. (a) There is hereby established in the State Treasury the
14 ____ Fund to receive those amounts transferred to the fund pursuant
15 to Section 18811 of the Revenue and Taxation Code.

16 (b) Any funds remaining in the Veterans' Quality of Life Fund,
17 as established by Section 2 of Chapter 143 of the Statutes of 2005,
18 shall be transferred to the ____ Fund established by subdivision (a).

19 SEC. 4. Article 11.3 (commencing with Section 18810) is
20 added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and
21 Taxation Code, to read:

22
23 Article 11.3. ____ Fund
24

25 18810. (a) An individual may designate on the tax return that
26 a contribution in excess of the tax liability, if any, be made to the
27 ____ Fund established by Section 1051 of the Military and Veterans
28 Code. That designation is to be used as a voluntary contribution
29 on the tax return.

30 (b) The contributions shall be in full dollar amounts and may
31 be made individually by each signatory on a joint return.

32 (c) A designation shall be made for any taxable year on the
33 initial return for that taxable year and once made is irrevocable. If
34 payments and credits reported on the return, together with any
35 other credits associated with the taxpayer's account, do not exceed
36 the taxpayer's liability, the return shall be treated as though no
37 designation has been made. If no designee is specified, the
38 contribution shall be transferred to the General Fund after
39 reimbursement of the direct actual costs of the Franchise Tax Board
40 for the collection and administration of funds under this article.

(d) The Franchise Tax Board shall revise the form of the return to include a space labeled the “___ Fund” to allow for the designation permitted. The form shall also include in the instructions information that the contribution may be in the amount of one dollar (\$1) or more and that the contribution shall be used for veterans’ homes operations.

(e) Notwithstanding any other law, a voluntary contribution designation for the ___ Fund may not be added on the tax return until another voluntary contribution designation is removed.

(f) A deduction shall be allowed under Article 6 (commencing with Section 17201) of Chapter 3 of Part 10 for any contribution made pursuant to subdivision (a).

18811. The contributions made pursuant to Section 18810 shall be transferred for deposit in the ___ Fund established by Section 1051 of the Military and Veterans Code.

18812. The Franchise Tax Board shall notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability, and the amount of refund money that taxpayers have designated, pursuant to Section 18810 to be transferred to the ___ Fund established by Section 1051 of the Military and Veterans Code. The Controller shall transfer from the Personal Income Tax Fund to the ___ Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18810 for payment into that fund.

18813. All moneys transferred to the ___ Fund, upon appropriation by the Legislature, shall be allocated as follows:

(a) To the Franchise Tax Board and the Controller for reimbursement of all costs incurred by the Franchise Tax Board and the Controller in connection with their duties under this article.

(b) To the Department of Veterans Affairs for allocation to the administrators of veterans’ homes. Moneys allocated pursuant to this subdivision shall be distributed proportionally to the Morale, Welfare, and Recreation Fund of each veterans’ home pursuant to Section 1047 of the Military and Veterans Code.

(c) Appropriations from the General Fund for the funding of those purposes described in subdivision (b) may not be reduced for the purpose of, or to have the effect of, requiring increased expenditures from the ___ Fund for those described purposes.

18814. It is the intent of the Legislature that this article create an additional funding source for veterans’ homes and shall be used

1 to supplement, not supplant, other funding sources for veterans'
2 homes.

3 18815. (a) This article shall remain in effect only until January
4 1 of the fifth taxable year following the first appearance of the ____
5 Fund on the tax return, and as of that date is repealed, unless a
6 later enacted statute, that is enacted before the applicable date,
7 deletes or extends that date.

8 (b) (1) By September 1 of the second calendar year, and by
9 September 1 of each subsequent calendar year that the ____ Fund
10 appears on a tax return, the Franchise Tax Board shall do all of
11 the following:

12 (A) Determine the minimum contribution amount required to
13 be received during the next calendar year for the fund to appear
14 on the tax return for the taxable year that includes the next calendar
15 year.

16 (B) Provide written notification to the Department of Veterans
17 Affairs of the amount determined in subparagraph (A).

18 (C) Determine whether the amount of contributions estimated
19 to be received during the calendar year will equal or exceed the
20 minimum contribution amount determined by the Franchise Tax
21 Board for the calendar year pursuant to subparagraph (A). The
22 Franchise Tax Board shall estimate the amount of contributions
23 to be received by using the actual amounts received by the end of
24 that calendar year.

25 (2) If the Franchise Tax Board determines that the amount of
26 contributions estimated to be received during a calendar year will
27 not at least equal the minimum contribution amount for the calendar
28 year, this article is repealed with respect to taxable years beginning
29 on or after January 1 of that calendar year.

30 (3) For purposes of this section, the minimum contribution
31 amount for a calendar year means two hundred fifty thousand
32 dollars (\$250,000) for the second calendar year after the first
33 appearance of the ____ Fund on the personal income tax return or
34 the adjusted minimum contribution amount adjusted pursuant to
35 subdivision (c).

36 (c) For each calendar year, beginning with the third calendar
37 year that the ____ Fund appears on the tax return, the Franchise
38 Tax Board shall adjust, on or before September 1 of that calendar
39 year, the minimum estimated contribution amount specified in
40 subdivision (b) as follows:

1 (1) The minimum estimated contribution amount for the calendar
2 year shall be an amount equal to the product of the minimum
3 contribution amount for the prior September 1 multiplied by the
4 inflation factor adjustments as specified in paragraph (2) of
5 subdivision (h) of Section 17041, rounded off to the nearest dollar.

6 (2) The inflation factor adjustment used for the calendar year
7 shall be based on the figures for the percentage change in the
8 California Consumer Price Index received on or before August 1
9 of the calendar year pursuant to paragraph (1) of subdivision (h)
10 of Section 17041.

11 SEC. 5. Article 11.5 (commencing with Section 18825) of
12 Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation
13 Code is repealed.